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# → CITY ← POCKETBOOKS and the FARMER



**UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION**

## CITY POCKETBOOKS AND THE FARMER

**T**HE farm problem is the city consumer's problem, too. The city workingman, who is trying to manage the family pocketbook so that the money coming in will be more than the money going out, realizes that a limited income suffers a severe strain when butter prices suddenly shoot up 50 percent or when the price of eggs doubles. As a rule, his pay doesn't make jumps like that. Those periods of high scarcity prices are not soon forgotten even when the prices slide off again. The city workingman might well ask: "Why can't food prices stand still, as my pay does, or like the prices of most other things I buy?"

More than that, at times he hears that the farmers are not buying and that gives him worries about holding his job. During the big layoff in 1932 and 1933, he was told that the farmer had no money, and pay rolls had to be cut down. The farm problem affects not only his outgo, but also his income.

Plenty of cheap food does not entirely solve the farm problem for city consumers. In 1932 farmers provided plenty of farm products at very low prices. Yet that was the year in which the farm problem was particularly harassing to city consumers, since cheap food meant little when they had no jobs.

The period of cheap food prices was followed by droughts, and while the consumer was paying higher prices, he was reading about relief measures taken by the Government to help the farmers in the drought areas. It appeared that even the drought prices, which put a heavier drain on his pocketbook, were not helping the farmer much either. Good farm prices do not benefit a farmer who has nothing to sell.

These conditions have raised questions in the minds of city consumers, just as the consumers on the farm have been asking questions about



the prices they pay for products manufactured in the cities. The farm consumer and the city consumer do not have much chance to get together and to become familiar with each other's viewpoints. If they did discuss their problems directly, the following questions that city consumers are asking would be answered much more clearly in the light of the farmers' problems:

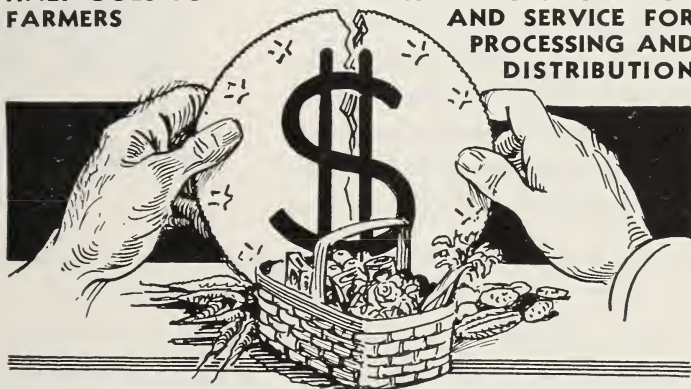
(1) Question. Aren't food prices too high now?

Answer. Food prices certainly have gone up, especially in the case of products most directly affected by drought, but a full answer to that question depends on a number of other things. It depends in part on the city consumers' income. The city workingman really is concerned not so much with the prices he has to pay for food, as with the share of his total income that food takes. If his income goes up more than food prices do, he is better off than before.

## OF YOUR FOOD DOLLAR

**HALF GOES TO  
FARMERS**

**HALF GOES TO LABOR  
AND SERVICE FOR  
PROCESSING AND  
DISTRIBUTION**



(2) **Question.** But when he pays two or three times as much for pork chops as he did in 1933, and his income has increased only about 50 percent, how is he better off?

**Answer.** Pork chops are only one item in a long list of foods that the city workingman buys. The price of one product that is high temporarily does not necessarily give an accurate picture of food costs. When you average the price of pork chops with the prices of other foods that consumers buy you may get a different result. Let us talk in terms of dollars that a consumer spends for food rather than in terms of pork chop prices. In 1936 the typical workingman's family spent \$342 for 58 important foods. That is \$78 more than in 1933.

(3) **Question.** How about the city workingman's income?

**Answer.** That increased much faster than his expenditures for food. An analysis of the wages of more than 15 million employed workers shows that the average earnings were \$187 more in 1936 than in 1933. Increased food costs, not all of which went to farmers, absorbed only \$78 of this increase.

(4) **Question.** That may be true of the average, but why should a low-paid city worker worry about the farmer's income?

**Answer.** A city worker not only depends on the farm to provide the materials for food and clothing, but he also looks to the farmer to help



him hold his job in the city. The farmer needs income to help provide city pay rolls. Over 40 percent of the country's population live on farms or in rural communities and depend on farm income for all or most of the money they spend for industrial products. When farm income is cut down these consumers have less money to spend for

manufactured products, and leave the urban employers with less to spend on pay rolls. In part, the prices an urban consumer pays for food are an investment in the security of his pay. When farm income increased after 1933, pay rolls went up, too.



(5) Question. When the price of eggs, or butter, or meat, or bread goes up, doesn't the farmer get the additional money that consumers have to spend for these products?

Answer. Not necessarily. The price the farmer gets is only a part of the dollar that the consumer spends for foods. Part of the increased price goes to pay more wages to workers in packing plants, creameries, mills, bakeries, and other plants which process and distribute food products. Part of it increases the middleman's profit.

(6) Question. How much of the dollar consumers spend for food goes to the farmer?

Answer. That varies with the product. The farmer got an average of about one-half of the price that consumers spent for 58 foods in 1935.

The other half went to pay such costs as transportation, processing, and marketing.

(7) **Question.** Does that mean that of every dollar the city workingman spends for food, one-half always goes to the farmer?

**Answer.** No. In 1933, farmers got only about one-third. One of the problems that confront the farmer is that when times are bad and consumers spend fewer dollars for food, the farmer's share of each of those fewer dollars goes down, too. Not only are fewer dollars spent for food, but he gets a smaller share of each dollar.

(8) **Question.** But what is the sense of trying to help either the city workingman or the farmer by cutting down food production as the Agricultural Adjustment Administration is doing?

**Answer.** The Agricultural Adjustment Administration is not cutting down food production. The Agricultural Adjustment Administration is trying to help farmers to build up the fertility of their soil, which is the source of farm products, and to put balanced systems of farming into effect on their farms. Too great a use of crops which rapidly use up soil has seriously hurt the Nation's crop-producing capacity. The Agricultural Adjustment Administration is fostering a long-time program for protecting the soil against losses and for restocking it with plant food.

(9) **Question.** But isn't cutting down the acreage used to produce food the main idea of the Agricultural Adjustment Administration?

**Answer.** No. Most of the farm land that is taken out of soil-depleting crops is used to feed livestock more efficiently. Such crops as corn and wheat are hard on the soil. Livestock can be grown efficiently if fed on crops that are easy on the soil, such as pasture and hay. As a matter of fact, pasture and hay will frequently produce better meat and



milk, and produce it at less cost in the long run than such feeds as corn. The Agricultural Adjustment Administration is helping farmers to use more of these crops in producing livestock products. It is also helping them to make their land more productive for such crops by using fertilizer and lime.

(10) Question. Is that a new-fangled idea of farming?

Answer. No. Most farmers recognize that they need to use part of their land for soil-conserving crops. They know the advantages of using more pasture and hay. But when prices were low and farmers needed cash, they had to produce a large quantity of cash crops to get enough money to carry on. So-called cash crops are the crops that are hard on the soil.

(11) Question. All this doesn't sound like the Agricultural Adjustment Administration program I have been hearing about. Does that mean that the Agricultural Adjustment Administration program has changed?

Answer. The program has changed. When there were large surpluses of wheat and corn and cotton in 1933, the Agricultural Adjustment Administration encouraged cutting down production of these surplus products. It urged that in their place soil-conserving crops

like grasses and legumes be planted. When the production-adjustment program was stopped and drought caused the surpluses to disappear, the Agricultural Adjustment Administration placed most of its emphasis on the problem of waste in soil fertility. In the long run, profitable farming is based on a fertile soil. Consumers depend upon a fertile soil for future supplies of cheap food.



CONSUMER AND FARMER  
PROSPER TOGETHER

(12) Question. Isn't there some way of preventing these high food prices that result from drought?

Answer. There is nothing that can be done to change the weather. However, farmers can adopt a system of farming that will better withstand drought. This change is being encouraged by the Agricultural Adjustment Administration programs. But this cannot be done overnight. For years farmers have been under pressure to exploit their land, and the land has been made an easy victim to drought. Correctives are not going to be spectacular. Promoting better land use is a long-time job.

We can store up in good years for consumption in bad years. That will level out supplies. One way of doing that is to store up potential supplies in the form of soil fertility. A fertile soil offers a better chance for a yield in years of drought than does a poor soil. Another way would be to put aside nonperishable farm products in good years for use in bad years. This has been called the ever-normal granary plan.

The Agricultural Adjustment Administration is trying to stabilize supplies, which means also to level out prices that consumers pay. It is proceeding on the idea that in the long run a fertile soil is the best guarantee of profits to farmers and of reasonable prices to consumers.

Briefly, the Agricultural Adjustment Administration programs are intended eventually to stabilize farm production according to the consumers' needs. Both farmer and consumer gain thereby. The farmer benefits because he is not driven to waste his soil in producing what he cannot sell. The city consumer benefits both through steadier employment at better wages and through food prices always in keeping with his ability to pay.

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